

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7118

BILL NUMBER: HB 2033

DATE PREPARED: Dec 22, 2000

BILL AMENDED:

SUBJECT: Indiana Brewers Grain Market Council and Fund.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill creates the Indiana Brewer's Grain Market Development Fund. The bill requires the Department of State Revenue to deposit \$0.006 of the Beer Excise Tax collected on each gallon of beer into the Indiana Brewer's Grain Market Development Fund. The bill establishes the Indiana Brewer's Grain Market Development Program and the Indiana Brewer's Grain Market Council.

The bill also makes technical corrections.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues: This proposal requires \$0.006 of the Beer Excise Tax rate collected on each gallon of beer to be deposited into the Indiana Brewer's Grain Market Development Fund. The bill also reduces the portion of the Beer Excise Tax dedicated to the State General Fund from \$0.04 to \$0.034, a reduction of \$0.006. This bill is estimated to reduce General Fund revenue by \$770,000 in FY 2002 and reallocate the \$770,000 to the Indiana Brewer's Grain Market Development Fund.

The current and proposed distribution of the Beer Excise Tax is shown in the following table.

Current and Proposed Distribution of the Beer Excise Tax

	Current	Proposed	Difference
General Fund	\$0.0400	\$0.0340	(\$0.006)
Post War Construction Fund	\$0.0475	\$0.0475	-
Enforcement and Administration Fund	\$0.0075	\$0.0075	-
Addiction Services Fund	\$0.0200	\$0.0200	-
Indiana Brewer's Grain Market Development Fund	-	\$0.006	\$0.006
Total	\$0.115	\$0.115	-
Note: The Beer Excise Tax is assessed on a per gallon sold basis. A 1.5% reduction in the tax is made for timely payment. Certain sales are exempt.			

According to the *Revenue Forecast Update*, December 19, 2000, the Beer Excise Tax is projected to generate a total of \$14.68 M in FY 2002. Under current law, the State General Fund is estimated to receive \$5.11 M of this total. This proposal would reduce the distribution to the State General Fund by \$770,000 and would distribute it to the Indiana Brewer's Grain Market Development Fund. Fifty percent of the revenue from the Beer Excise Tax distributed to the State General Fund is set aside for State General Fund purposes and 50% is allocated to cities and towns based on population. Based on the changes proposed in this bill, the net loss to the General Fund would be \$385,000 in FY 2002.

The projected FY 2002 distribution of the Beer Excise Tax revenue under current law and with the proposed change is shown in the table below.

Projected FY 2002 Beer Excise Tax Revenue, Current and Proposed Distributions
(in millions)

	Current	Proposed	Difference
General Fund	\$ 5.11	\$4.34	(\$0.77)
Post War Construction Fund	\$ 6.06	\$ 6.06	-
Enforcement and Administration Fund	\$ 0.96	\$ 0.96	-
Addiction Services Fund	\$ 2.55	\$ 2.55	-
Indiana Brewer's Grain Market Development Fund	-	\$ 0.77	\$0.77
Total	\$14.68	\$14.68	-
Notes: Projections are based on the December 19, 2000, <i>Revenue Forecast Update</i> .			

This bill will impact the distribution of Beer Excise Tax revenue collected after July 1, 2001.

Explanation of Local Expenditures:

Explanation of Local Revenues: Fifty percent of the revenue from the Beer Excise Tax distributed to the State General Fund is set aside for State General Fund purposes and 50% is allocated to cities and towns based on population. Based on the changes proposed in this bill, cities and towns would lose an estimated \$385,000 in FY 2002.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: *December 19, 2000, Revenue Forecast Update.*